

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
P. O. Box 146760  
Salt Lake City, UT 84114-6760  
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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**JEFFERY LANE MOWEN; and  
ELIZABETH MOWEN, aka ELIZABETH  
WARD**

**Respondents.**

**ORDER TO SHOW CAUSE**

**Docket No. SD-06-0037**

**Docket No. SD-06-0038**

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It appears to the Director of the Utah Division of Securities (Director) that Jeffery Lane Mowen and Elizabeth Mowen, aka Elizabeth Ward (Respondents) may have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

### **STATEMENT OF JURISDICTION**

1. Jurisdiction over Respondents and the subject matter is appropriate because the Division alleges that Respondents violated § 61-1-1 (Securities Fraud) of the Act, while engaged in the offer and sale of securities in Utah.

### **STATEMENT OF FACTS**

#### **THE PARTIES**

2. Jeffery Lane Mowen (Mowen) resides in Utah County, Utah.
3. Elizabeth Mowen, aka Elizabeth Ward (Elizabeth), resides in Utah County, Utah.

#### **GENERAL ALLEGATIONS**

4. In July 2005, Mowen and Elizabeth solicited \$200,000 in Utah from Washington residents, J. C. and C. W., husband and wife. Mowen told the investors he would invest their money in currency, international markets, and stock, using his connections in international banking.
5. J. C. and C. W. had known Mowen and his wife, Elizabeth since 2000 because they all sold products for USANA Health Sciences, Inc., a Utah based, multi-level, network marketing company.
6. In approximately April 2005, Elizabeth told C. W. she and Mowen would be selling for a new multi-level, network marketing entity, Isagenix International. C. W. then became involved in Isagenix as part of Elizabeth's downline at Isagenix.

7. During a telephone conversation with Elizabeth, C. W. told Elizabeth she was purchasing real property next to her home, but would not have enough money to close unless the value of the stock in her IRA increased. Closing was scheduled for the fall of 2005.
8. During these and many other telephone conversation with Elizabeth, Elizabeth told C. W. that Mowen was “brilliant with money.” Eventually, Mowen and J. C. joined the discussions between Elizabeth and C. W.
9. When Mowen joined the telephone conversations, Mowen said he was an international banker who worked in currency markets. Mowen said he got up every day at 3 a.m. to watch the markets on-line and in real time, and had been extremely successful, even doubling his money on a good day. Mowen said he typically only traded for himself, his company, and his family, and had even declined a request to trade Isagenix’s money.
10. Mowen also told J. C. and C. W. that he was writing a book on prosperity; he and another person owned a large development / construction company; he earned his first million dollars in real estate by the age of 19, Robert G. Allen’s books regarding investing in real estate were written using Mowen’s investment methods; he worked directly with Mark Hughes, the owner of Herbalife, another multi-level marketing company to develop the first “autoship” program in the industry; he worked directly with Tony Robbins, a motivational speaker; and he was an importer of “gray market” cars in the 1980s.

11. C. W. told Mowen her money was in a self-directed IRA, and asked Mowen if he could “protect her money” as if it were in her IRA. Mowen told C. W. he could do that in several different ways, and would look into the best method.
12. C. W. decided to withdraw her money from her IRA so Mowen could make investments for her, and asked him to increase her money so she could purchase the real property next to her current home.
13. On July 18, 2005, Mowen e-mailed C. W. an outline of a “Letter of Understanding” between himself and C. W. The outline stated that Mowen would “handle all of the financial affairs, in particular our investing activities.” The outline also stated that from July 18, 2005, through mid-October Mowen would “include [C. W.’s] monies with his, treating it as the same.” Finally, the outline stated that Mowen would “charge no fee and pass along all profits as personal support to [C. W.]”
14. On July 19 and 21, 2005, C. W. withdrew \$99,000 and \$101,000, respectively, from her IRA at Ameritrade, and immediately transferred the money to her account at Inland Northwest Bank.
15. On July 22, 2005, C. W. invested with Mowen by sending \$200,000, via wire transfer from Inland Northwest Bank, to Mowen’s account at US Bank in Pleasant Grove, Utah.
16. After C. W. invested with Mowen, Mowen said he was adding her \$200,000 to his \$800,000 to form a million dollar block of money. Mowen said to get into the lucrative international markets he had to work with large blocks of money.

17. On November 30, 2005, Mowen sent C. W. an e-mail, stating that her monthly return had been “just shy of 5%,” and the total amount in her account was \$237,000.
18. On Wednesday, December 21, 2005, C. W. sent Mowen an e-mail, requesting that her money be returned by Tuesday or Wednesday of the following week. C. W. needed the money to close on the real property. C. W. included account and routing information for her bank, in anticipation of Mowen returning her money via wire transfer.
19. On Thursday, December 29, 2005, Mowen responded to C. W.’s e-mail and explained that he had not returned her money because his bank froze his account after his travel consolidator debited his account several times for the same plane tickets, leaving his account with a negative balance.
20. On January 10, 2006, Mowen sent C. W. an e-mail explaining that problems created by the Patriot Act prevented him from sending her money.
21. Mowen continued to give C. W. excuses as to why he could not return her money.
22. C. W. has received no return of principal or interest from her investment through Mowen.

#### Use of C. W.’s Money

23. On July 21, 2005, the day before C. W. sent her investment of \$200,000 to Mowen’s account, Mowen’s account balance was a negative \$2,452.

24. The balance in Mowen's account on November 30, 2005, the date on which Mowen e-mailed C. W. with a status report of her supposed earnings, was a negative \$9,690.29.
25. From July 22, 2005 to November 30, 2005, aside from C. W.'s investment, the only other deposits made to Mowen's account were from interest paid by the bank, PayPal payments, and personal checks from one of Mowen's relatives, Erin Mowen, all of which totaled \$13,183.09. Of the \$13,183.09 deposited, \$12,900 was from three personal checks written by Erin Mowen, all of which bounced within a few days of being deposited.
26. As of November 1, 2006, Mowen had spent all of C. W.'s investment.
27. From July 22, 2005 to November 1, 2005, all of C. W.'s money was used by Mowen to pay the following:
  - a. Credit card payments of \$15,891.21;
  - b. A transfer to Forex Capital, a foreign currency broker, of \$10,000;
  - c. Automobile expenses of \$4,290.77;
  - d. An official bank check made payable to Direct Development<sup>1</sup> for \$100,000;
  - e. Cash withdrawals of \$29,289;
  - f. \$12,126.65 for food and entertainment;

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<sup>1</sup> Direct Development is a construction company out of Wisconsin. The president of Direct Development, John Hopfensperger, invested \$100,000 with Mowen in February 2005. Hopfensperger demanded Mowen return his investment, and in August 2005, Mowen used \$100,000 of C. W.'s investment to return Hopfensperger's principal.

- g. \$21,270.48 for uncategorized miscellaneous expenses;
- h. \$2,989.84 to pay utilities; and
- i. \$1,636.33 for travel.

### **CAUSES OF ACTION**

#### **COUNT I**

#### **Securities Fraud under § 61-1-1 of the Act**

- 28. The Division incorporates and re-alleges paragraphs 1 through 27.
- 29. The investment opportunity offered and sold by Mowen and Elizabeth is a security under § 61-1-13 of the Act.
- 30. In connection with the offer and sale of a security to investors, Mowen and Elizabeth failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:
  - a. That in June 2004, Mowen pleaded guilty to two counts of securities fraud (class A misdemeanors) in Utah County, Utah, was ordered to pay restitution of \$10,000, and was still on probation as a result of those violations;
  - b. That in June 2004, Mowen pleaded guilty to a single count of securities fraud (third degree felony) in Davis County, Utah, and was ordered to pay restitution of \$23,000;

- c. That in June 2004, Mowen pleaded guilty to giving false information to a police officer and another misdemeanor, in Utah County, Utah, and was fined a total of \$125;
  - d. That Mowen owed \$78,630 in outstanding civil judgments from 12 separate civil actions;
  - e. That Mowen would use C. W.'s money to make credit card payments, to pay a prior investor, to pay for travel expenses, to pay for food and entertainment, and to withdraw as cash for unknown uses;
  - f. Mowen's track record with prior investors;
  - g. The true risk involved in the investment;
  - h. The number of other investors;
  - i. Whether the investment was a registered securities or exempt from registration;
  - j. The liquidity of the investment; and
  - k. That Mowen was not licensed to sell securities.
31. In connection with the offer and sale of a security to J. C. and C. W., Mowen and Elizabeth made false statements, including, but not limited to, the following:
- a. Mowen told C. W. he could keep her investment as protected as if it was in her IRA. Given Mowen's criminal history, his outstanding civil judgments, the fact that he had failed to pay a prior investor, and that he had no money in his own



account when C. W. invested, Mowen had no reasonable basis on which to make this representation;

- b. Elizabeth told C. W. that Mowen was “brilliant with money.” Given Mowen’s criminal history, his outstanding civil judgments, the fact that he had failed to pay a prior investor, and that he had no money in his own account when C. W. invested, Elizabeth had no reasonable basis on which to make this representation;
- c. Mowen told J. C. and C. W. that Isagenix asked him to trade its money in the currency market. Given Mowen’s criminal history, his outstanding civil judgments, the fact that he had failed to pay a prior investor, and that he had no money in his own account when C. W. invested, Mowen had no reasonable basis on which to make this representation;
- d. Mowen told J. C. and C. W. that he was an international banker. Given Mowen’s criminal history, his outstanding civil judgments, the fact that he had failed to pay a prior investor, and that he had no money in his own account when C. W. invested, Mowen had no reasonable basis on which to make this representation;
- e. Mowen told J. C. and C. W. that he owned a construction company with another individual. Given Mowen’s criminal history, his outstanding civil judgments, the fact that he had failed to pay a prior investor, and that he had no money in his own account when C. W. invested, Mowen had no reasonable basis on which to make this representation; and

f. Mowen told J. C. and C. W. that he made his first million dollars by the age of 19. Given Mowen's criminal history, his outstanding civil judgments, the fact that he had failed to pay a prior investor, and that he had no money in his own account when C. W. invested, Mowen had no reasonable basis on which to make this representation.

32. Based upon the foregoing, Jeffery Lane Mowen and Elizabeth Mowen willfully violated § 61-1-1 of the Act.

### **ORDER**

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Friday, August 4, 2006, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2<sup>nd</sup> Floor, Salt Lake City, Utah. If Respondents fails to file an answer or appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, Respondents may show cause, if any they have:

1. Why Jeffery Lane Mowen and Elizabeth Mowen, aka Elizabeth Ward, should not be found to have willfully engaged in the violations alleged by the Division in this Order to Show Cause;


2. Why Jeffery Lane Mowen should not be ordered to pay a fine of two hundred and fifty thousand dollars (\$250,000) to the Division of Securities; and
3. Why Elizabeth Mowen, aka Elizabeth Ward, should not be ordered to pay a fine of twenty five thousand dollars (\$25,000) to the Division of Securities.

DATED this 29<sup>th</sup> day of June, 2006.

  
WAYNE KLEIN  
Director, Utah Division of Securities



Approved:

  
JEFF BUCKNER  
Assistant Attorney General

D. P.

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**JEFFERY MOWEN; and  
ELIZABETH MOWEN, aka ELIZABETH  
WARD,**

**Respondents.**

**NOTICE OF AGENCY ACTION**

**Docket No. SD-06-0037**

**Docket No. SD-06-0038**

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THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the mailing date of this notice, you are required to file an Answer with the Division. The Answer must include the information required by Utah Code § 63-46b-6(1). In addition, you are required by § 63-46b-6(3) to state: a) by paragraph, whether you admit or deny each allegation contained in the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission; b) any additional facts or

documents which you assert are relevant in light of the allegations made; and c) any affirmative defenses (including exemptions or exceptions contained within the Utah Uniform Securities Act) which you assert are applicable. To the extent that factual allegations or allegations of violations contained in the Order to Show Cause are not disputed in your Answer, they will be deemed admitted.

Your Answer should be filed with the Division, attention Pam Radzinski, P.O. Box 146760, Salt Lake City, Utah 84114-6760. A copy of your Answer should also be mailed to the Division's attorney, Jeff Buckner, Assistant Attorney General in the Utah Attorney General's Office, 160 East 300 South, P.O. Box 140872, Salt Lake City Utah 84114-0872, telephone (801) 366-0310.


A hearing date has been set for Friday, August 4, 2006, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2<sup>nd</sup> Floor, Salt Lake City, Utah.

If you fail to file an Answer, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine and other sanctions may be imposed against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The presiding officer in this case is Wayne Klein, Director, Division of Securities, 160 East 300 South, P.O. Box 146760, Salt Lake City, UT 84114-6760, telephone (801) 530-6600.

Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

DATED this 29<sup>TH</sup> day of June, 2006.

  
WAYNE KLEIN  
Director, Division of Securities  
Utah Department of Commerce



**Certificate of Mailing**

I certify that on the 29TH day of June 2006, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Jeffery Mowen  
915 E. 440 N.  
Lindon, Utah 84062

Certified Mail # 7005182000202595820

Utah County Jail  
Jeffery Mowen, Inmate #189318  
3075 N. Main Street  
Spanish Fork, Utah 84660

Certified Mail # 7005182000202595844

Elizabeth Mowen  
915 E. 440 N.  
Lindon, Utah 84062

Certified Mail # 7005182000202595837

PAMALA RADZINSKI

Executive Secretary